

STAFF REPORT

TO: Community Services Committee
FROM: Community Services Manager
REFERENCE: P200
DATE: 10 March 2006
SUBJECT: Golden Bay Housing Trust Proposal

PURPOSE/REASON FOR REPORT

To provide the Committee with further relevant information, including financial implications and the Special Consultative Procedure

BACKGROUND

At the February Community Services Committee meeting, Committee members were addressed by members of the Golden Bay Housing Trust on their proposal to acquire Council's community housing in Takaka. This would enable the Trust to use the equity from these units as a community contribution for funding of up to \$2 million from the Housing New Zealand's Innovation Fund, and build affordable housing for rent and sale in Golden Bay.

The Community Services Committee was generally supportive of the concept, but sought further information from Council staff, along with a copy of the Golden Bay Housing Trusts' Trust Deed. A copy of this Trust Deed has been circulated to all members.

COMMENT/DISCUSSION

The 31 January 2006 report presented to the 8 February 2006 meeting provided full details of the proposal from the Golden Bay Housing Trust (GBHT) to acquire the Council's community housing in Takaka to enable the Trust to use the equity from these units as a community contribution for funding from Housing New Zealand's Innovation Fund.

With regard to an updated report, I consider that the 31 January report (attached) along with the recently circulated Trust Deed and the special consultative procedure that will be detailed later in this report, covers the issue reasonably fully, however the following points are made which will hopefully assist Councillors in making a decision:

- 1 The Local Government Act states that the “wellbeing of the community” must be considered by Council. In this case the wellbeing of the community is not being compromised as the existing four cottages will continue to be managed by Council on the same terms and conditions. At the same time the equity in these cottages will enable the Golden Bay Housing Trust (GBHT) to access significant government funds to build affordable housing for rent and sale in the Bay which will benefit the wider community.
- 2 Council’s Community Housing Account operates as a closed account for all 97 cottages and produces a dividend of 5% of all rents received. Since building the four new cottages in Takaka the loan repayments have meant that the Takaka cottages are operating at a small deficit. Therefore the Council’s Community Housing Account will be slightly better off if the Takaka cottages are sold and at the same time Council continues to manage these cottages.

As also stated in the previous report, current and future tenants of the Council cottages will not be affected by this proposal.
- 3 At the last meeting some Councillors were concerned about the future of the Council cottages if for any reason the GBHT was wound up after taking over the ownership of the cottages. This matter can be addressed in any transfer agreement and Christine McQuillan of Housing New Zealand may be able to provide more details on this at the meeting.

SIGNIFICANCE

The selling of these cottages would be considered “significant” under the Council’s Policy on Significance, and as such Council would have to follow the Special Consultative Procedure as set out under Section 83 of the Local Government Act 2002. In carrying out this procedure, Council would need to:

- Provide a Statement of Proposal and Summary of Information
- Include the Statement of Proposal on an agenda for a meeting
- Make the Statement of Proposal available for inspection at TDC council offices and libraries
- Give public notice:
 - (i) Where interested persons may obtain a Summary of Information; or inspect the full proposal; and
 - (ii) The period in which submissions may be made (must be not less than one month from the date of the first publication of the public notice)
- All submitters are to be acknowledged, and given the opportunity to be heard at a meeting of the local authority, and open to the public.

AFFECTED PARTIES

The affected parties would be the current tenants of the four Takaka community cottages.

OPTIONS

- 1 To decline the request to transfer the ownership of the four Council cottages in Takaka to the Golden Bay Housing Trust for a price equal to the outstanding loan on these cottages.
- 2 To agree in principle to the request so that the Special Consultative Procedure can be initiated which will provide Council with a better understanding of the communities views on the proposal.

RECOMMENDATION

That the request to sell the four Takaka Council cottages to the Golden Bay Housing Trust be approved in principle so that the Special Consultative Procedure can be initiated and that such approval be subject to:

- (i) The Golden Bay Housing Trust contracting the management of these four cottages back to the Council, which includes Council's right to appoint prospective tenants from its current waiting list;
- (ii) That tenancy, including rents, for the current tenants be protected;
- (iii) That should the Trust wish to sell these cottages in the future that Council be given the first right of refusal on the same terms as the original sale.

L L Kennedy
Community Services Manager